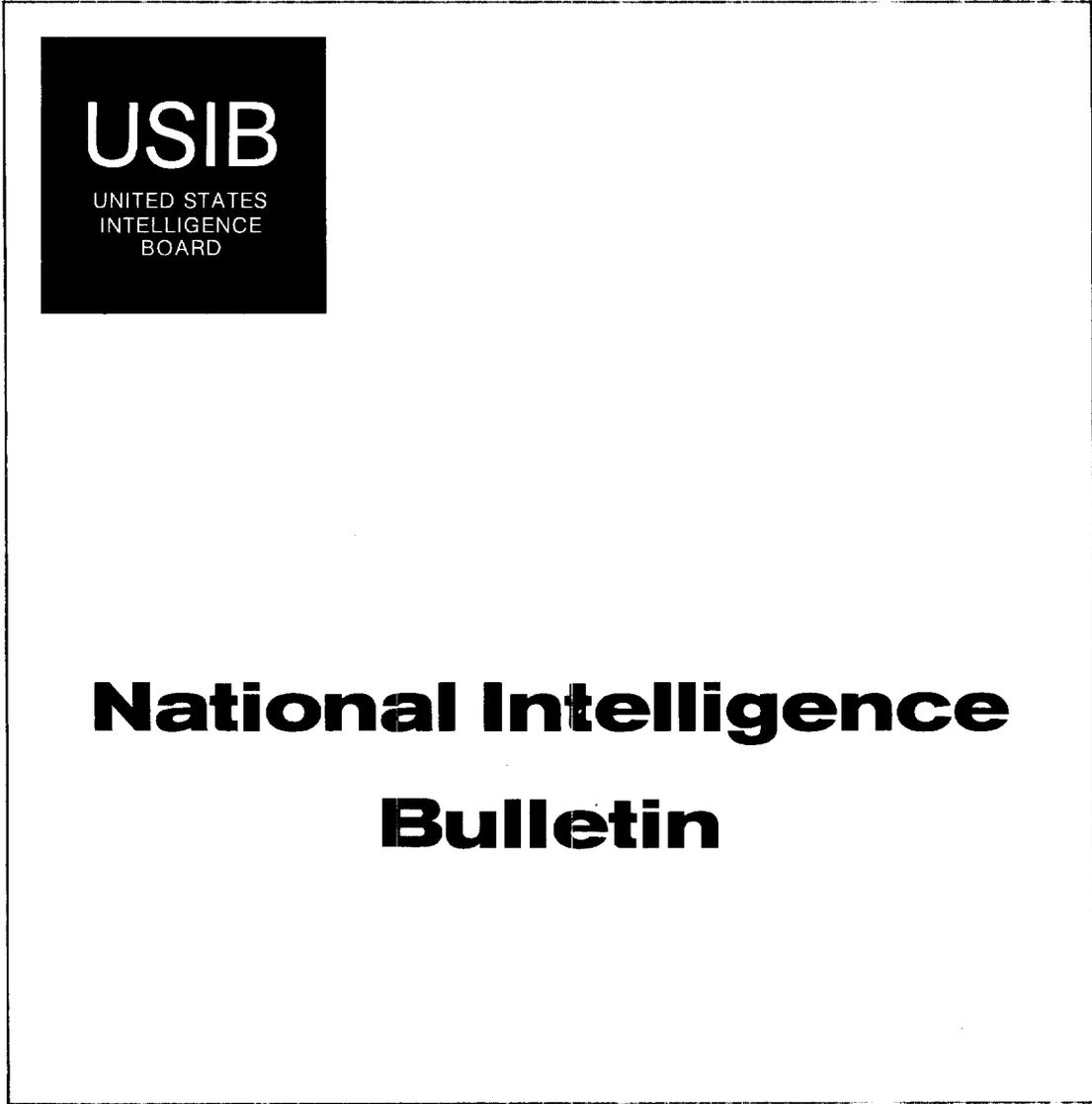
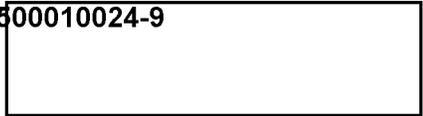


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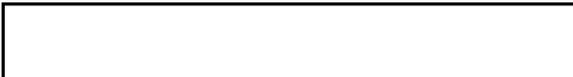
State Dept. review completed

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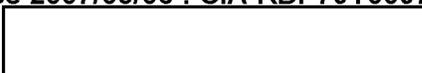
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FRANCE

France is ready to equip one of its three operational ballistic missile submarines with the country's first megaton thermonuclear warhead, Defense Minister Bourges announced on Tuesday.

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[redacted] Bourges told newsmen that France's other operational missile submarines will have the new warhead by the end of the year.

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The Redoutable, which has just re-entered service after completing a 15-month overhaul, probably will be the first to receive the warhead. The Redoutable, whose 16 missiles now have 450-kiloton warheads, had been scheduled to carry some of the new 1-megaton warheads when it re-entered service. [redacted]

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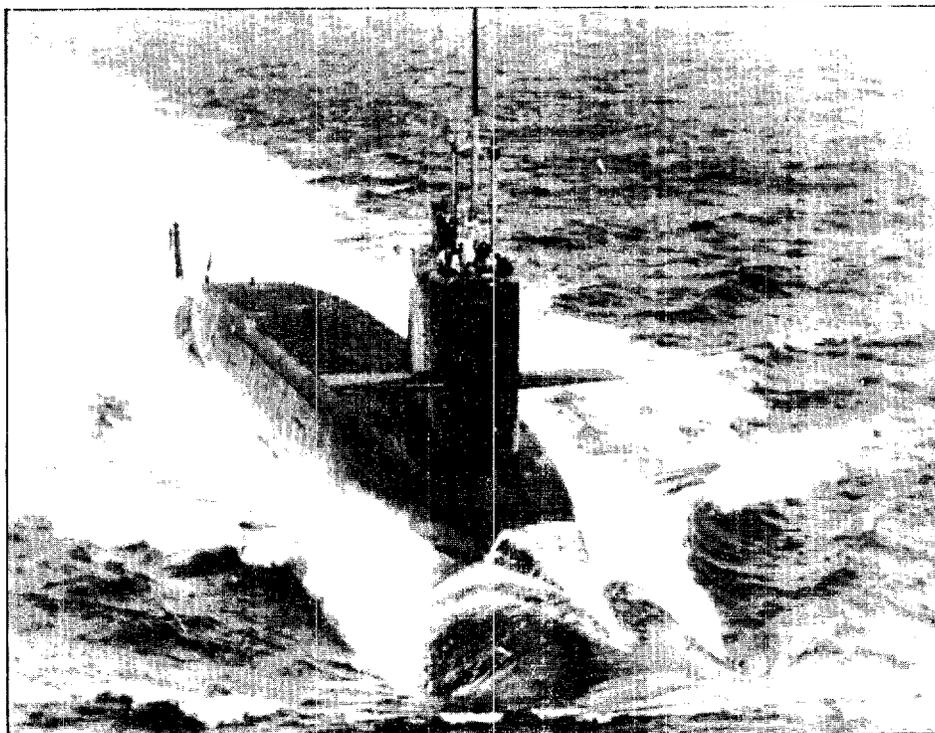
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[redacted] In any case, it is unlikely that any submarine will have a full load of the warheads before the end of this year. [redacted]

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SPAIN

Rapidly spreading strikes and labor violence are forcing the government to adopt sterner control measures and may set back government plans to introduce labor reforms and other liberalization measures.

More than 200,000 workers are now idle because of strikes or lockouts. That number could double if threats of a nationwide banking strike materialize. Work stoppages are concentrated in Madrid, but unrest has spread to other areas. In Barcelona, the dockworkers are on strike, and other work stoppages have affected industry and banks. The strikes began over increased wage demands, but they have become politicized, with demonstrators now protesting police tactics and demanding amnesty for political prisoners.

Interior Minister Fraga and Justice Minister Garrigues—leading proponents of reform—have issued public warnings that subversion will not be tolerated and that politically motivated strikes will not be permitted.

Following this warning of tougher action, the government placed striking postal workers under military control. This subjects them to military disciplinary measures if they participate in demonstrations or refuse to work. Previously, the government has only threatened to draft strikers to get them back to work.

More liberal strike regulations are reportedly being considered, but the deteriorating labor situation may make it impossible for the government to resist rightist pressures to hold the line. On Monday, two prominent rightists—Antonio Giron, a former labor minister under Franco, and the former Civil Guard commander, General Iniesto Cano—who oppose liberalization met with Vice Premier for Defense General Santiago and the army minister.

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PORTUGAL

The government has announced that tomorrow it will begin to set up machinery for the national elections scheduled to be held no later than April 25, and that informal campaigning by the political parties can now begin.

The degree of civilian control of the future government and the timetable for ending the military's political domination are being negotiated by the Revolutionary Council and the political parties. The parties have received the military's proposals for the new agreement, which will supplant one signed under duress last spring, but they have been asked by the Council not to make public disclosure of the contents. The parties' counterproposals are to be submitted to the Council by Monday, and leaders of each of the parties will meet separately with the Council next week to discuss them.

Despite the military's injunction, Freitas do Amaral, leader of the conservative Social Democratic Center, said yesterday that some aspects of the Revolutionary Council's draft are unacceptable to his party. While applauding the military for its apparent agreement to go along with the election of the president by universal suffrage, Amaral charged that the Revolutionary Council is attempting to retain power for another four years.

Press reports from Lisbon yesterday appeared to confirm that the Council is seeking to retain its position as the supreme ruling body. [redacted]

Amaral's opposition to a continued role for the military is believed to be shared not only by Popular Democratic leaders and some Socialists but also by an influential group of "professional" officers in the Revolutionary Council itself. These differences may be worked out when the military officers and civilian politicians begin talking face to face. Concern that failure to reach an early agreement might interrupt the election timetable will be a strong incentive for both sides. Only the Communist Party would benefit by a delay in the elections.

Meanwhile, the government appears to have given ground to an Azorean delegation which is presently in Lisbon to demand further concessions on Azorean autonomy. The cabinet announced yesterday that it had reexamined a recent decree law on the subject and that popular aspirations in the archipelago have now been "more accurately interpreted." Azorean leaders had predicted a violent reaction in the islands unless the government changed its position on the decree law. [redacted]

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USSR-CHINA

Soviet officials profess to be pleased with last month's release of the Soviet helicopter crew but are skeptical about its significance.

According to a Soviet Foreign Ministry official, Moscow is "delighted" with the return of the three military personnel and view it as confirming the USSR's position on the matter. Viktor Krashennikov, a member of the ministry's First Far East Division, reiterated Moscow's claim that the helicopter was a standard military aircraft that had been conducting a medical rescue mission when it accidentally strayed across the border.

Krashennikov said the crewmen were in good health and would return to their units upon the completion of medical examinations. He offered no further information on their 21 months in captivity, particularly the possibility of mistreatment. A Soviet public lecturer had hinted earlier this month that this had occurred, and a Chinese diplomat had reportedly said that the crew has undergone a "re-education" process.

Speculating on Moscow's possible response to this gesture, Krashennikov indicated that offers of increased trade have previously been rejected by Peking, but he hinted that the renewal of cultural or scientific exchanges is a possibility. The initiative, he added, rests with China, inasmuch as the USSR has continually sought improved relations despite ideological differences. Although the return of the crew was a positive development, he noted that anti-Soviet commentaries continue to appear in the Chinese press.

The official noted that he was not aware that Deputy Foreign Minister Ilichev, the chief border negotiator, would be returning to Peking in the near future. The talks are continuing at the working level, and he indicated that Ilichev would go if there were any reason for him to do so. Ilichev most recently visited Peking last spring, and an East European diplomat in the Chinese capital has reported that he is expected to return there sometime this month.

Turning to China's internal developments, the official observed that Chou En-lai's death had done little to clarify the leadership struggle in China. Moscow's condolence message was almost the same as that issued at the death of Politburo member Tung Pi-wu last year. Soviet media reported that Deputy Premier Mazurov paid a condolence call at the Chinese embassy on January 14.

According to Krashennikov, the most significant event during Chou's 18-month illness was his success in getting Teng Hsiao-ping in place so as to effect an orderly transition.

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MALAYSIA

Prime Minister Razak's death will set off maneuvering among potential successors. Deputy Prime Minister Hussein Onn has stepped into Razak's position, but Hussein is in poor health and may not be able to stay in office long.

The three vice presidents of the United Malays National Organization (UMNO), the dominant party in the ruling National Front, are the frontrunners for succession. None of them—Minister of Agriculture Ghafar Baba, national oil company (Petronas) chief Razaleigh, or Education Minister Mahathir—has Razak's stature or his authority in the ruling party.

UMNO could postpone a decision on the leadership by offering an interim prime ministership to the respected former prime minister, Tunku Abdul Rahman.

[Redacted]

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Razak's passing also will bring into question the durability of his communal policies that have kept racial tensions in check. Leading Malay politicians generally accept the necessity of avoiding policies that could touch off communal strife. The large Malaysian Chinese community, however, will have doubts as to whether any of the potential successors to Razak possesses the political adroitness and strength to fend off grassroots Malay pressures aimed at sharply curtailing the dominant Chinese position in Malaysia's economy.

[Redacted]

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[Redacted]

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LAOS

Moscow apparently plans to increase its economic assistance to the new communist regime in Laos this year and may provide it some military hardware.

The Soviets have agreed to donate equipment for mineral exploration and powerplants, as well as farm machinery, gasoline tank-trucks, consumer goods, and other basic commodities.

They have continued to provide the Lao technical advice in the field of civil aviation and have also been involved in directing the construction and upgrading of airfields. The Soviet defense attache in Vientiane recently confirmed that the Soviet Union is helping the Lao build a new airfield in the Xieng Khoang area of northeastern Laos. The Soviets also recently agreed to send a group of air transport specialists to the country, as well as to contribute additional equipment and spare parts to improve Lao aviation facilities.

Moscow is also providing petroleum products, including aviation gas, some of which is probably being used to support its own in-country operations. [redacted]

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[redacted] The Soviets are also apparently planning to upgrade current Aeroflot commercial operations into Vientiane from IL-18 to TU-154 service.

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There have been recurring reports that the Soviets plan to provide an unspecified number and type of MIG aircraft to the Lao and that they are offering training in the USSR in flight and aviation support skills. There is presently insufficient evidence that any MIGs have yet arrived. There are several airfields in Laos capable of supporting limited MIG operations, and a number of Lao pilots reportedly sent to the Soviet Union may already have returned.

Even though the new Lao leadership is relying heavily on the Soviets, North Vietnamese, and Chinese for assistance, it has continued to seek and receive help from other sources. India, East Germany, and Hungary are among several countries that are providing emergency supplies of aid.

The Lao also recently reiterated their desire for unconditional US aid. The Lao government clearly regards such assistance as a precondition for improved relations with the US. [redacted]

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CAMBODIA

The Khmer communists continue to rebuff Soviet efforts to gain a foothold in Phnom Penh. The three East European countries that took the lead in championing the Cambodian insurgent cause during the war—Albania, Yugoslavia, and Romania—have nevertheless been allowed to open embassies.

25X1 [redacted] the Cambodians refused a Soviet request made in December to open an embassy of "moderate size." Phnom Penh apparently is still smarting over Moscow's lack of wartime support and refusal to break relations with the Lon Nol government until the last days of the war. The Chinese have no doubt urged their Cambodian allies to go slow in repairing relations with Moscow.

25X1 Phnom Penh's willingness to allow the three East European countries to open embassies presumably stems from their previous support of the Khmer insurgents. The Albanian ambassador arrived in Phnom Penh late last year. The Yugoslav embassy is scheduled to open soon, and the Romanians are making preparations to establish their presence. The Cubans, who gave diplomatic support to the Khmer communists, have also joined the Chinese, Vietnamese, and North Koreans in Phnom Penh.

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ARGENTINA

Terrorist efforts to free a guerrilla leader under military arrest have prompted US diplomatic officials in Buenos Aires to take special security precautions out of concern that they will be selected as kidnap victims to be used in exchange for him.

The terrorist campaign began earlier this week with the sabotage of a suburban commuter train. A message issued by extremists then stated that other attacks will follow until guerrilla chief Roberto Quieto is released. This has increased diplomatic concern that the extremists might provoke an international incident to force the government to accept their demands.

The danger that the terrorists will continue to stage spectacular attacks is high so long as the authorities prevent any chance of negotiation by denying that Quieto is a prisoner. The guerrillas will continue to press the issue because they believe that he is cooperating with military leaders and could provide information that would permanently damage their movement.

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ECUADOR

Admiral Alfredo Poveda is attempting to solidify his position as leader of the three-man military junta that ousted former president Rodriguez Lara last week, but rivalries among its members will hinder the execution of the triumvirate's policies.

Poveda has assumed responsibility for the military and security services, while putting the army General Guillermo Duran in charge of economic policy, a post for which he lacks talent and which will become a focus for discontent. The move is likely to fan the simmering animosity that exists between Poveda and Duran, both ambitious and strong-willed.

[Redacted]

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[Redacted] Poveda may be dangerously over-estimating his position.

The army holds six posts in the new cabinet, while the navy and air force hold only two each. Civilians hold the posts of finance, industry, and foreign relations.

The navy has traditionally been the junior service in Ecuador, and the ambitious Duran may be able to play on the army's traditionally dominant voice in the government to frustrate Poveda's plans. Opposition to Poveda may also spring from civilian political leaders who are angered by the junta's refusal to call general elections and begin the transition to constitutional rule.

[Redacted]

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[Redacted]

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BRAZIL

Two legislators who recently lashed out against the military have lost their jobs in the latest skirmish between Brazil's liberal politicians and conservative generals.

When military security officials in Sao Paulo last month labeled three opposition politicians Communist subversives, all three protested their innocence in public statements, and two went on to charge that the investigators had used torture to obtain their evidence. The two—a state deputy and a federal congressman—were promptly divested of their office by President Geisel, who used a broad, all-purpose piece of legislation to suspend their political rights for ten years. The third deputy—who is the best known leftist politician in the group—did not raise the sensitive issue of torture and escaped his colleagues' fate.

Conservative military officers generally see political criticism of their activities as threats to national security and are especially sensitive to the issue of torture. There is no question that they pressed Geisel to act, and that he had to respond. His refusal to move against the less outspoken legislator, however, demonstrates Geisel's unwillingness to cave in to the generals in matters where military honor is not directly impugned.

This is a municipal election year in Brazil, and opposition congressmen are now attacking Geisel's use of dictatorial powers, hoping to revive the international attention focused a few months ago on the suspicious death of a jailed newsman also accused of illegal Communist affiliations.

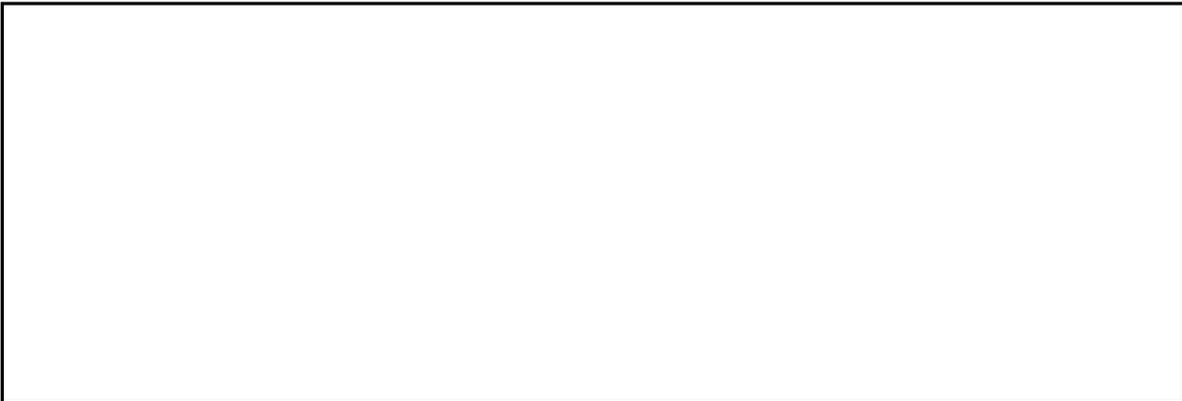
Geisel clearly considers the case closed, but he will crack down again if sufficiently provoked.

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FOR THE RECORD



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IRAN: The Iranian navy has shortened from 60 to 45 days its good-will cruise across the Indian Ocean. The naval group, including a guided-missile destroyer, a guided-missile destroyer escort, an unarmed supply ship, and a coastal escort, has already called at Sri Lanka. It will now travel only to Singapore, the Maldives, and the Seychelles—not on the original schedule—before returning to Iran. Port calls in Indonesia, Australia, and India have been canceled. The schedule change may be related to other operational commitments for scheduled naval exercises in the Persian Gulf or to the recent top-level navy command changes.



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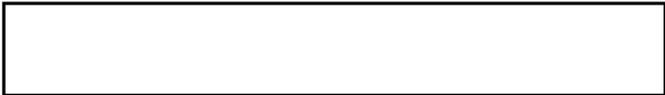
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